



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

---

May 17, 2007

Joint Committee on Finance

Paper #414

### **Tuberculosis Program (DHFS -- Health)**

#### *Base Section*

[LFB 2007-09 Budget Summary: Page 312, #7]

---

#### **CURRENT LAW**

The Division of Public Health within the Department of Health and Family Services (DHFS) administers a program that provides services related to tuberculosis to individuals and local health departments. Under the program, local health departments may become certified by DHFS as public health dispensaries for the purpose of diagnosing and treating persons suffering from, or suspected of having, tuberculosis. In 2006-07, 24 local agencies will have dispensary status. Certified dispensaries are eligible for reimbursement from DHFS under the program for the cost of tuberculosis-related services they provide, up to the amount budgeted for the program by the Legislature. The program also pays for drugs for the treatment of tuberculosis, as well as for certain inpatient isolation services.

Base funding for the program is \$391,900 GPR.

#### **GOVERNOR**

Provide \$61,600 GPR in 2007-08 and \$115,700 GPR in 2008-09 to fund projected increases in costs of providing services under the tuberculosis program. The bill would provide a total of \$453,500 GPR in 2007-08 and \$507,600 GPR in 2008-09 to support the program.

#### **DISCUSSION POINTS**

1. The reported number of persons with active cases of tuberculosis in Wisconsin is

relatively small. In 2006, there were 75 such cases. During the five-year period 2002 through 2006, there were an average of 78 cases per year. This represents a decline from the period 1995 through 1999, during which there was an average of 111 cases per year. The Department believes the decline in active tuberculosis cases in recent years is attributable to the strong emphasis the tuberculosis program places on prevention through appropriate testing for the disease.

2. The number of local agencies that have become certified as public health dispensaries under the tuberculosis program has grown from two in 1999, to 24 in 2007. In 2006, 76% of active tuberculosis cases were reported in counties that were certified public health dispensaries. Milwaukee County has the largest number of active tuberculosis cases (27 of the state's 78 active cases in 2005).

3. The dispensary program is the payer of last resort for tuberculosis services, after Medicaid. Local dispensaries are required to maximize Medicaid reimbursement for these services in order to qualify as dispensaries.

4. In addition to base GPR funding of \$391,900 in 2006-07, the state also receives federal funding from the Centers for Disease Control and Prevention to support its tuberculosis program. That federal funding is used to support a variety of nondirect service costs, such as training, technical assistance, disease surveillance and patient management oversight, 3.0 full-time positions in the DHFS Division of Public Health, a contract with the American Lung Association, and laboratory costs. Under the terms of the grant, the state may not use federal funds to supplant state or local health department funds, for inpatient care, or for the construction of facilities. In addition, the state may not use federal grant funds to purchase drugs for the treatment of tuberculosis.

5. Expenditures in the tuberculosis program have fluctuated significantly from year-to-year for several reasons, including the occurrence in 2004-05 of multiple drug resistant tuberculosis cases. For instance, total GPR expenditures for the program in 2004-05 were \$417,200, or 40% greater than in 2003-04. In 2005-06, however, total GPR expenditures for the program declined by 18% from 2004-05, to \$343,700.

6. Current program expenditure data suggest that 2006-07 total GPR expenditures for the tuberculosis program will be approximately \$392,500. Those total program costs include an estimated \$160,000 in dispensary costs, and an estimated \$232,500 in drug costs.

7. Given the relatively large variations that have occurred in the program's annual expenditures in recent years, it is difficult to project with certainty future program expenditures. The administration projects 2007-08 and 2008-09 GPR expenditures by assuming that dispensary costs will increase each year by approximately 21% in each year, and that pharmacy costs will increase by approximately 5% per year. Those are the rates by which expenditures have increased during the past decade. Using those annual growth assumptions, the administration projects total additional GPR needs for the tuberculosis program of \$61,600 in FY 2008, and \$115,700 in FY 2009, or a total over the biennium of \$177,300. This estimation methodology appears reasonable.

8. The Committee may decide, however, that applying a rate of increase based on more recent expenditure data is more reasonable given that the number of local public dispensaries has grown dramatically over the past decade. For instance, only two local agencies had been certified as public dispensaries as of 1999, and the program's total dispensary costs that year were \$24,600. By 2006, 24 local agencies were certified public dispensaries, and the program's total dispensary expenditures had increased to \$153,300. Moreover, by 2006, 76% of the state's active cases of tuberculosis were in counties that were certified as public dispensaries under the program. Given these facts, the Committee could decide that using more recent expenditure data provides a more reasonable basis upon which to project program expenditures for 2007-08 and 2008-09.

9. Applying the rate by which program expenditures increased during the six-year period from 2001-02 through 2006-07 (estimated) to the program's estimated expenditures in 2006-07 reduces the additional GPR needs for the tuberculosis program, compared to the Governor's bill, by \$28,000 in 2007-08, and \$57,300 in 2008-09.

10. Finally, the Committee could maintain base funding for the program (\$391,900 GPR annually). By rule, DHFS is directed to reimburse public health dispensaries on a quarterly basis for specified services to non-MA recipients until the biennial appropriation for this program is totally expended. By maintaining base funding for the program, it is likely that DHFS would not be able to fully fund reimbursable costs under the program in the 2007-09 biennium.

**ALTERNATIVES TO BASE**

1. Approve the Governor's recommendation to increase funding for the tuberculosis program by \$61,600 GPR in 2007-08 and by \$115,700 GPR in 2008-09.

<b>ALT 1</b>	<b>Change to Bill Funding</b>	<b>Change to Base Funding</b>
GPR	\$0	\$177,300

2. Provide \$33,600 GPR in 2007-08 and \$58,400 GPR in 2008-09 to reflect alternative estimates of the costs of fully funding the program in the 2007-09 biennium.

<b>ALT 2</b>	<b>Change to Bill Funding</b>	<b>Change to Base Funding</b>
GPR	- \$85,300	\$92,000

3. Maintain current law.

<b>ALT 2</b>	<b>Change to Bill Funding</b>	<b>Change to Base Funding</b>
GPR	-\$177,300	\$0

Prepared by: Eric Peck